

CHAPTER 1
INTRODUCTION

1-1. Purpose. This regulation defines the policies and procedures for the management of capital assets obtained by the U.S. Army Corps of Engineers used in providing goods or services. It prescribes the procedures for programming, budgeting, allocating funds, utilization, calculation of costs and reporting requirements for the Revolving Fund, Plant Replacement Improvement Program (PRIP), project specific, and Operations and Maintenance, Other Procurement, Army (O&M, OPA). It does not apply to Federal mission, heritage, stewardship assets or assets specifically authorized in legislation.

1-2. Applicability. This document applies to all Headquarters, U.S. Army Corps of Engineers (HQUSACE) elements and all USACE Commands having capital assets funded by the Revolving Fund, Civil Works projects, or Military appropriations.

1-3. Distribution. Approved for public release; distribution is unlimited.

1-4. References.

a. Statement of Federal Financial Accounting Standards (SFFAS) No. 6, Accounting for Property, Plant, and Equipment.

b. Statement of Federal Financial Accounting Standards (SFFAS) No. 10, Accounting for Internal Use Software.

c. Implementation Guidance on Statement of Federal Financial Accounting Standards 10: Accounting for Internal Use Software.

d. DOD 7000.14-R, Department of Defense Financial Management Regulation.

(1) Volume 4, Accounting Policy and Procedures.

(2) Volume 2B, Budget Formulation and Presentation, Chapters 4-19.

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(3) Volume 11B, Reimbursable Operations, Policy and Procedures - Working Capital Funds.

(4) DOD Policy on Internal Use Software.

e. DFAS Manual 37-100-**, The Army Management Structure, Chapter AO-2035.

f. Army Regulations and Manuals.

(1) AR 415-15, Army Military Construction Program Development and Execution.

(2) AR 10-85, United States Army Cost and Economic Analysis Center.

(3) AR 11-18, The Cost and Economic Analysis Program.

(4) DA Economic Analysis Manual.

(5) DA Cost Analysis Manual.

g. Engineer Regulations (ERs) and Engineer Pamphlets (EPs).

(1) ER 37-1-28, Continuing Resolution Authority (CRA).

(2) ER 37-1-30, Financial Administration - Accounting and Reporting.

(3) ER 37-2-10, Accounting and Reporting Civil Works Activities (superceded by ER 37-1-30, Financial Administration - Accounting and Reporting).

(4) ER 56-2-1, Administrative Vehicle Management.

(5) ER 405-1-12, Real Estate Handbook.

(6) ER 700-1-1, Supply Policies and Procedures.

(7) ER 1130-2-500, Partners and Support (Work Management Policies).

(8) EP 1125-2-1, Floating Plant List Change 1.

(9) EP 1130-2-500, Partners and Support (Work Management Policies).

1-5. Precedence of Regulations. Except as specifically authorized in this policy or other written guidance, USACE will follow SFFAS, Department of Defense Regulations (DODR) or Army Regulations (AR). The hierarchy of accounting standards is stipulated in DOD 7000.14-R, Volume 1.

1-6. Definitions. See Glossary.

1-7. Statutory Authority.

a. Act of July 27, 1953, Pub. L. No. 83-153, 67 Stat. 199 (codified at 33 U.S.C. SS 576 and 701b-10), authorized the establishment of a Corps of Engineers Revolving Fund.

b. Project authority is contained in each project authorization document.

1-8. Policy. It is the policy of the USACE that all capital assets and charges for use of these assets, as applicable, are fair, reasonable, and realistic.

1-9. Responsibilities. The Commander, USACE, has delegated the authority for financial control of the Command's capital investment program to the Directorate of Resource Management (CERM).

a. The Directorate of Resource Management will:

(1) Ensure that the policies and procedures specified in this regulation are kept current, comply with applicable laws and regulations, and Operating Guidance, Budget Development guidance, and Accounting Policy.

(a) Operating Guidance includes the definition of a capital investment, the types of funding sources, issuing and

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revoking PRIP funds, PRIP acquisition/justification process, the PRIP five-year Scheduling Plan, the PRIP threshold concept, and the classification and management of the PRIP categories.

(b) Annual Budget Development guidance addresses submission due dates and required documentation to justify requests for new minor and major items; continuing minor and major items; and five-year plans. Also, new policy requirements will be provided through annual budget guidance until incorporated into the regulation.

(c) Accounting policy includes capital investments threshold determination, useful life, General Ledgers posting, use of PRIP, Plant-in-Service, PRIP transfers in/out, plant insurance, depreciation and plant increment rates, losses and damages of PRIP properties, plant operating accounts, plant disposal/retirement/sale, and conversion/reclassification of PRIP properties.

(2) Provide overall financial management of the capital investment program and cash management of the revolving fund.

(3) Solicit input from Headquarters and field-level functional proponents for specific investment proposals to accomplish mission, program goals, and prioritize projects.

(4) Present the Command's proposed Capital Investment Program to the Senior Program and Budget Advisory Committee (SPBAC) for review and approval.

(5) Notify MSCs of the approved annual Capital Investment Program. Assign PRIP Project Codes to approved plant items. Issue Work Allowances and Fund Authorization Documents in support of approved programs.

(6) Monitor plans and execution of current year Capital Investment Program to maximize fund utility.

(7) The HQUSACE PRIP Manager facilitates the command-wide coordination, review, prioritization, and approval of the program.

(8) The Humphrey's Engineering Command Support Activity

(HECSA) will serve as the National Capital Area PRIP Manager to service all initiatives sponsored by HQ functional proponents.

b. The Directorate of Civil Works will:

(1) Serve as HQUSACE functional proponent for the technical review and prioritization of all Civil Works capital investment program requests across USACE.

(2) Submit a recommended Command Civil Works Capital Investment Program to CERM in accordance with annual budgetary guidance.

(3) In conjunction with the Directorate of Resource Management, prepare/submit the Civil Works budgetary schedules for inclusion in the annual budget submission.

(4) Coordinate the Major Item, New Starts (MINS) requests of the Command's approved capital investment program with ASA(CW), OMB and Congress.

(5) Notify Congress whenever the Major Item authorized amount has a change of 10% or more; when a change causes a minor item to exceed the MINS threshold; and when a change in scope occurs.

(6) Issue additional guidance to subordinate activities as necessary to ensure compliance with this regulation.

(7) Periodically evaluate and recommend adjustment of capital asset and MINS thresholds.

c. The Directorate of Research and Development will:

(1) Serve as the equivalent of a division commander, and directors of research facilities will serve as the equivalents of district commanders for purposes of this regulation.

(2) Review requests from all subordinate research and development elements for current year and programs for future years (five-year plan) to ensure that requirements are realistic and compatible with construction and workload schedules.

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(3) Prioritize requests from research and development facilities and coordinate with Directorate of Civil Works where applicable.

(4) Coordinate with the Directorate of Resource Management prior to completing any actions.

(5) Issue additional guidance to subordinate activities as necessary to ensure compliance with this regulation.

d. The Directorate of Logistics will:

(1) Serve as HQUSACE proponent to ensure a valid source document is cited for the authorization of capital assets.

(2) Serve as HQUSACE functional proponent for all capital investment program requests, such as land, structures, aircraft, buildings, office space, furniture systems, equipment and general use vehicles, coordinating with the Directorate for Civil Works where applicable, and ensuring that requests are supported by documented authorizations.

(3) Prioritize Logistics requests for the capital investment program across USACE.

(4) Coordinate with the Directorate of Resource Management prior to completing any actions.

(5) Provide additional guidance to logistics components to ensure compliance with this regulation

(6) Implement controls to prevent costs for MACOM or MSC, Center, District or FOA approved projects from exceeding approval limits for Army minor construction and authorizations for maintenance and repair projects; also, establish controls to maintain admin space utilization within minimum and maximum rates.

e. The Directorate of Corporate Information will:

(1) Serve as HQUSACE functional proponent for Information Technology (IT) investments such as communications, electronics,

audiovisual, photographic, reproduction equipment, and information technology software and equipment, coordinating with the Directorate for Civil Works, Logistics, and Resource Management where applicable.

(2) Prioritize requests for IT investments across USACE.

(3) Coordinate with the Directorate of Resource Management prior to completing any actions.

(4) Issue additional guidance to subordinate activities as necessary to ensure compliance with this regulation.

f. The Directorate of Real Estate will:

(1) Serve as HQUSACE real estate, functional proponent for all real property capital investments, validating those requiring Title 10 approval, and coordinating with the Directorate of Logistics and Civil Works where applicable.

(2) Prioritizes and provides HQDA/Congressional liaison for Title 10 requests for real property investments across USACE.

(3) Coordinate with the Directorate of Resource Management prior to completing any actions.

(4) Issue additional guidance to subordinate activities as necessary to ensure compliance with this regulation.

(5) Assure funds from real property disposal actions are credited to the Revolving Fund.

g. Marine Design Center. In this regulation, where reference is made to division commanders, it will be understood to include the Director of the Marine Design Center.

h. Commanders/Directors at Major Subordinate Commands (MSCs) or Field Operating Activities (FOAs) will:

(1) Appoint a capital investment program manager/coordinator/PRIP Manager in Resource Management to assure development of a comprehensive capital asset program in support

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of the district's Revolving Fund, Civil Works projects, or military appropriations. The PRIP Manager will:

(a) Establish and maintain a schedule of budget formulation and submission of capital asset program.

(b) Analyze and review the technical elements' requests for capital assets for supporting documentation IAW annual budgetary guidance, to include approvals by Logistics and Information Management divisions, where applicable.

(c) Consolidate the technical elements' capital asset requests into the district's capital asset program for presentation to the Senior Program and Budget Advisory Committee/MSA/FOA Commander/Director.

(2) Review and approve district and division requests for program submission to HQUSACE for the current year and programs for future fiscal years. Capital investment proposals will be evaluated to ensure they are realistic and compatible with the mission of the Corps, construction schedules and workloads.

(3) Prioritize all proposed capital investments for the command, to include division requirements for approval by the Regional Business Center.

(4) Compile lists, estimates, and reports from district commanders for forwarding to CERM-BA in support of MSCs'/FOA's' approved Capital Investment Program.

(5) Notify districts of approved annual program.

(6) Monitor districts' use of funds and plant, schedules, work activities, and budgets to optimize use of the Corps capital investment funds.

(7) Issue additional guidance to subordinate activities as necessary to ensure compliance with this regulation.

(8) Perform Quality Assurance Reviews on capital assets to ensure timely capitalization, adequate usage rates and CFO (Chief Financial Officer) requirements are met.

(9) Insure Districts, Labs and FOA accomplish short-and-long-range planning, with local Commander's/Director's approval, for future development on which to base their capital investment programs.

i. Commanders/Directors at Districts/FOAs, will:

(1) Appoint a capital investment program manager/coordinator/PRIP Manager in Resource Management to assure development of a comprehensive capital asset program in support of the district's Revolving Fund, Civil Works projects, or military appropriations. The PRIP Manager will:

(a) Establish and maintain a schedule of budget formulation and submission of capital asset program.

(b) Analyze and review the technical elements' requests for capital assets for supporting documentation IAW annual budgetary guidance, to include approvals by Logistics and Information Management Divisions, where applicable.

(c) Consolidate the technical elements' capital asset requests into the district's capital asset program for presentation to the Senior Program and Budget Advisory Committee/District Commander (SPBAC).

(2) Prioritize and approve district capital asset acquisition proposals through the Senior Program and Budget Advisory Committee.

(3) Assign asset documentation accountability and require an analysis of operating accounts and adjustment of the same as required.

j. The Directorates of Resource Management at HQ, Districts/Division, and FOAs will:

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(1) Establish and maintain capitalized asset discipline within the organization.

(2) Publish local implementing policies and procedures in compliance with this regulation.

(3) Send requests through command channels for clarification of regulatory guidance. Deviation from capitalized asset policy contained herein requires approval from HQUSACE and, in some cases, higher authority.

(4) Notify technical elements (Directorates) of approved annual Capital Investment Program. HQ issues and Corps activities receive Work Allowances and Fund Authorization Documents in support of approved programs.

(5) Monitor planning and execution of the current year capital investment program, ensuring optimal use of available funds and timely release of funds determined to be excess to approved program.

(6) Consolidate and coordinate the review, prioritization and approval of the Command's capital investment requests through the Program Budget Advisory Committee (PBAC) process.

(7) Submit the formulated capital investment program plan in accordance with annual budgetary guidance. The submitted plan requires the District/Division Commander's approval prior to submission to Headquarters for Command review and approval.

(8) Headquarters capital investment initiatives require HQ Staff coordination and submission to the Senior Program Budget Advisory Committee (SPBAC) for approval.

k. All HQ USACE Directorates and Offices, and District/Division and FOAs will:

(1) Determine capital investment requirements for current year and programs for future years (five-year plan) for their respective directorates.

(a) Estimate Investment Cost for each asset. Perform quality assurance checks to document significant cost increases/decreases.

(b) Prepare an Affordability Analysis to support plant acquisitions.

(c) Prepare an Economic Analysis, if applicable to support plant acquisitions.

(d) Prepare a Justification Statement to support major item capital asset acquisitions and changes in scope 10 percent or greater.

(e) Prioritize, approve and submit capital investment plan and requirements to the PRIP Program Manager in accordance with annual budgetary guidance.

(2) Execute annually the approved and funded capital investment program as planned.

(3) Issue additional guidance to subordinate activities as necessary to ensure compliance with this regulation.

1-10. Record Keeping.

a. The District Resource Management Officer will serve as the Capitalized Assets Accountable Officer (CAAO). Program and Project Management, Resource Management, Real Estate, Operations, Engineering and Construction, Logistics, Information Management, and Contracting offices will be responsible for creating and maintaining capitalized asset records as well as making them available to the CAAO as needed. All capitalized assets files will be retained 10 years after the disposal of the asset. The ENG Form 3013, Work Order/Completion Report, along

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with supporting documentation will be maintained and disposed of IAW AR 25-400-2, The Modern Army Recordkeeping System, Appendix B, FN: 1125-2-300a, Authority: NC1-AU-85-44.

b. Supporting documentation may include initial PRIP justification sheets (ENG Form 4943-R), copies of PRIP work allowances, ENG Form 3013, obligating documents (e.g., purchase requests, invoices, receiving reports, labor reports, other in-house costs), plant increment waivers, addition and betterment, ENG Forms 3013, and/or disposal work orders.